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22 MAY 1975

MEMORANDUM FOR: Deputy Director Office of Personnel,
Plans and Control

THROUGH : Director of Personnel

SUBJECT : Review of FLSA Classifications

1. The Audit Staff is reviewing changes to the Agency payroll system that incorporate the provisions of the Fair Labor Standards Act (FLSA). The review covers activities within the Offices of Personnel, Finance, and Joint Computer Support as they relate to the FLSA changes. This memorandum covers the results of the review relating to Office of Personnel.

2. The Position Management and Compensation Division (PMCD), OP was directed to determine the status of all employees as "exempt" or "nonexempt" from FLSA entitlements. PMCD responded quickly in implementing the initial instructions received from the Civil Service Commission (CSC). Some decisions were admittedly arbitrary, as the instructions served only as a guideline and were too generalized to be applied in some cases. All employees were notified of their status under FLSA. Our review covered the methods and procedures used by PMCD in their decision process.

3. We found most Agency code classifications were in agreement with CSC instructions. In the occupations considered of a technical nature, however, differences existed, not only with CSC, but inconsistencies were within the Agency's own codes. For example, occupational code 0392.01 (Communications Technician-Radio) was classified as nonexempt through grade 12, and code 0393.01 (Communications Technician-COMINT) was classified as nonexempt for all positions. This difference and others noted were discussed with Chief, PMCD, who has agreed to review this area again.

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4. After the review of the classification procedures, a sample of individuals was selected from a FLSA personnel list to verify their status to the occupational codes, and all were found to be in agreement. PMCD plans to provide all components with the most current listing of FLSA designations. This information will assure that all employees have been notified of their status and that the classifications are proper.

5. The review of the PMCD procedures concerning FLSA disclosed that prudent judgment had been used in determining the status of each employee category. No exceptions were found except as noted in paragraph 3 above.

6. The assistance provided by PMCD personnel was most helpful and appreciated by the auditor.



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Chief, // Audit Staff
Office of Inspector General

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